

Annex: Recommended application date changes

	Application date in current bill	Recommended application date (where changes are recommended these are shown in bold)
MAJOR REFORMS		
International tax changes Active income exemption for CFCs, exemption for foreign dividends and associated base maintenance measures	Income year 2009-10	2009-10 income year only for balance dates on or after 30 June; 2010-11 income year for other taxpayers
Life insurance business Reform of outdated rules	Applies to life insurance products sold after 1 April 2009 New rules for life insurance business and changes to PIE rules apply from first income year from 1 April 2009	The new rules for life insurance products and life insurance business and the changes to the PIE rules to be deferred. Discussions with the industry will help inform judgment on the appropriate implementation date
Associated persons provisions Addressing deficiencies in the associated persons rules	Land provisions (except section CB 11) – land acquired on or after 1 April 2009. For section CB 11 (disposal within ten years of improvement: building business) – land on which improvements are begun on or after 1 April 2009. Other provisions apply from the 2009-10 income year	For land provisions (except section CB 11) – land acquired on or after the date of the bill’s enactment. For section CB 11 (disposal within ten years of improvement: building business) – land on which improvements are begun on or after the date of the bill’s enactment Other provisions – from 2010-11 income year
Payroll giving Voluntary payroll giving scheme to allow employees to donate to charities and receive an immediate tax benefit	1 April 2009	Three months after date of enactment

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TAXPAYER-FRIENDLY, TECHNICAL AND OTHER MEASURES		
GST and remedial amendments Deferring GST and loyalty points until redemption	Date of enactment for GST on loyalty points	No change recommended
Zero rate exported second-hand goods (scrap metal)	Date of enactment for second-hand goods	No change recommended
Public Authorities and GST- confirms that Parliamentary service and Office of Clerk are required to charge GST	1 April 1986 for amendments relating to Parliamentary service	No change recommended
	1 August 1988 for amendments relating to Office of the Clerk	No change recommended
KiwiSaver amendments Remedial amendments	Range from 1 July 2007 to date of assent	The amendment to section 13 of the KiwiSaver Act will have a date of assent application rather than 1 October 2008
Niue development Relax loss grouping requirements for Niue development projects	This is an Order-making power. Currently, the Bill states that the provision is treated as coming into force on 1 April 2008, but this is meaningless because the Order still cannot be made before enactment	Change commencement to the date of the Royal assent
Non-disclosure right to discovery Extension to existing right of non-disclosure available to approved tax advisors to the discovery stage	Applies to challenges commenced after date of assent	No change recommended
Offshore portfolio share investment funds Remedial amendments	1 October 2007 PIE amendments (Inc land owning PIEs) 1 April 2007 or 1 April 2008 offshore portfolio amendments	No change recommended

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Petroleum mining Reform of outdated rules	Amendments to remove 'disincentives', applying to expenditure incurred on or after 1 April 2008 Remedial amendment to 'correct' an anti-avoidance provision - applies from 1 December 2007	No change recommended
Portfolio investment entity rules Remedial amendments	1 April 2009 for rewrite provisions Remedial amendments generally apply from 1 October 2007	Change application date for rewrite provisions to 1 April 2010
R&D tax credit rules Removing option for partnerships to file claims on behalf of partners; requiring a detailed statement to be filed before claim processed; amendments to align legislation with policy for the year the credit is in force	2008-09 income year	No change recommended
Recognised seasonal workers Reduced compliance costs for seasonal migrant workers, including changes in rates of tax deducted by employers	1 April 2009	Change application date for tax rate change to date of assent Other changes apply from 1 April 2009
Reimbursement and honoraria paid to volunteers Exempting reimbursement payments and clarifying certain honoraria are subject to PAYE	Applies to reimbursements received by volunteers on and after 1 April 2009; and to honoraria paid on and after 1 April 2009	No change recommended
Relocation payments and overtime meal allowances Exempting certain allowances from tax	2002-03 income year	No change recommended

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Tax depreciation rules Remedial amendments	Application dates range from 1 April 1993 and from the 1993-94 and subsequent income years through to 1 April 2008 and from the 2008-09 and subsequent income years. The other amendments add two categories to the list of depreciable land improvements.	No change recommended
Tax recovery arrangements Allows Inland Revenue to collect foreign tax debts where required under a DTA	1 April 2008	No change recommended
Tax pooling rules Extending regime to reassessments of tax and enable funds to be transferred between intermediaries	Date of assent for transferring funds Other provisions 1 April 2008	Recommend changing application date to date of assent for all provisions
Charitable donee status Extends charitable donee status to certain entities	2008-09 tax year	No change recommended
Films Screen Production Incentive Fund film tax deduction timing	1 July 2008	Officials and Ministers agreed in August 2008 that the application date be changed to 1 January 2010. This revised date for implementation remains appropriate
Transitional ICA penalties Submissions have been made that this penalty, which is intended to ensure that companies do not deliberately over-impute dividends, applies too widely	Not part of the bill as introduced	It is recommended that transitional ICA penalties should only apply to dividends paid out after the earlier of: <ul style="list-style-type: none"> • The date the company's 2007-08 tax return is filed; or • The date of this announcement This will fully address points raised in submissions

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Banking continuity Provisions to prevent unintended taxation consequences where banks undertake reconstruction without changes in economic ownership	1 April 2008	No change recommended
Emissions trading Tax treatment of transactions in emissions units	1 January 2009	No change recommended
General insurance Deduction for movement in the outstanding claims reserve	Applies from first year taxpayer adopts IFRS or 2009-10 income year.	No change recommended
<i>BASE MAINTENANCE MEASURES</i>		
Stapled stock (supplementary order paper) Base maintenance treating debts “stapled” to ordinary shares as equity	Applies to debt securities stapled to a share on and after 25 February 2008	No change recommended
Ring fencing of expenditure incurred by overseas branches of petroleum mining companies Prevents tax payable on income from the exploitation of New Zealand’s oil and gas being reduced by companies taking deductions against their overseas operations	Applies to expenditure incurred on or after 4 March 2008	No change recommended